



## Grassroots Entrepreneurs Now Have Many Ways to Fund their Enterprises

In the past, African entrepreneurs were extremely limited in the options for funding their plans. They had to rely on often ineffective national banks or local networks based on political, tribal or family connections to secure funding for enterprises. That has now changed, and there is an explosion in new thinking on business start-ups and how best to help grassroots entrepreneurs.

Concepts such as socially responsible investing, social enterprises and fair trade have opened up new frontiers for business development. All focus on the so-called triple bottom line: people, planet, profit. Economist Milton Friedman's refrain that the only social responsibility of business was to increase profits, is being proven wrong. Some even go as far as to say social enterprise is the model for the 21st century.

"There's lots of money to be made here," said James Baderman of What If, an innovation company in the UK that employs 300 people and devotes 10 percent of its profits to helping social enterprises develop and grow. "There are huge opportunities; just look at the double-digit growth in fair trade and organic goods over the past decade. Consumers are increasingly making choices based on the ethical nature of products."

Many in the social enterprise movement believe breaking the cycle of poverty and economic stagnation requires more than charity; it requires the creation of sustainable businesses that will pay local taxes and employ local people. They have also adopted and adapted the techniques used by multinational companies to improve the desirability of their products. A key part of these new socially responsible businesses is branding and marketing.

In Kenya, the [UK's Traidcraft](#) - an organization that fights poverty through a wide range of trade-related activities combining development charity with a trading company - is working with the Kenya Organic Agriculture Network to develop markets for Kenyan herbs, spices and related products in local and international markets. These include gums, resins (e.g. frankincense), herbs such as coriander, oregano, garlic and lemon grass; spices such as paprika, chillies, rosemary, lemon balm, and essential oils such as pepper tree oil, sinoni oil, and megalocapus oil - all grown in marginalised, arid areas.

In another development focused on Kenya - but applicable across Africa - is being led by the [UK-based Mark Leonard Trust](#). Called the Mainstreaming African Crafts project, it seeks to boost demand for Kenyan craft products in the UK market. It will build demand by focusing on growth areas (such as baskets, jewelry, leather), emphasizing the distinctiveness of African craft products and support product development in line with identified market trends. The aim is to launch a branded Kenyan product range at an international trade fair in 2008.

Along with improving the branding and marketing of social enterprises and fair trade businesses, funding options are becoming more varied. One new source of funding for budding social entrepreneurs is the William James Foundation's 4th Annual Socially Responsible Business Plan Competition. It awards winners who develop business plans that blend people, planet and profit together with over US \$40,000 in cash and expert advice to make sure it is spent well. Past winners have included business ventures as varied as an Afghan company that

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sends SMS text messages on security alerts, to others making hand made organic clothing and portable vaccine packs for remote areas.

"We're at a tipping point wherein the entrepreneur who builds in long term values of sustainability is the one who will be successful," said Ian Fisk, executive director of the William James Foundation and long-time sustainable business activist through [Net Impact](#). "Most of what people think of as environmental and social activism in business is simply long-term thinking about energy costs and human resources. There are thousands of good ideas out there. The foundation wants to find those that are attached to solid business plans and help them succeed."

The success of this approach has also attracted the attention of multinational companies like the oil company Shell. At the [Shell Foundation](#), they look at all the enterprises they support from a hardnosed, business perspective. Rather than seeing a producer who needs to produce, they look first at the market and the consumer, and then work backwards to get the producer to make the appropriate products that will sell. "No micro-enterprise is sustainable unless there is a viable route to market," said Sharna Jarvis, Programme Manager for the Shell Foundation. "The problem with the standard model for micro-finance is that it begins with the producer, not the consumer. It is all about what someone wants to make - there is not enough emphasis on whether anyone will buy it."

A new internet search engine has also been launched that is seeking a new way to create a steady flow of funds to nonprofit enterprises working to reduce poverty. Called [GoodSearch](#), it plows 50 percent of its advertising revenue (about a penny a search) back into nonprofits selected by its users. Powered by the well-known portal Yahoo!, if for example 1,000 supporters just searched twice a day, it would raise US \$7,300 a year for an organization.

The Fairtrade Foundation (FTF) helps farmers and other producers to earn a decent living and obtain good healthcare and education.

Fair Trade Resource Network: <http://fairtraderesource.org/about.html>

[Unltd](#) (pronounced Unlimited), a charity supporting social entrepreneurs.

Excellent resource to link with branded social enterprises and all the resources required to get started: [www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

[Equitrade](#) helps businesses in poor countries to develop finished or part-finished products to sell in rich countries.

The 4th Annual Socially Responsible Business Plan Competition is open to for-profit business (or business ideas) with at least one member who is a current student or has graduated within the past five years.

**For more information contact:** [www.williamjamesfoundation.org](http://www.williamjamesfoundation.org) or email: [ian.fisk@williamjamesfoundation.org](mailto:ian.fisk@williamjamesfoundation.org).

## Securing Land Rights for the Poor Now Reaping Rewards

The hotly debated issue of land rights for the poor has never been more relevant. There is mounting evidence that access to land rights can catapult the poor out of poverty and spur growth for the economy. Experience in India and China is now showing the economic power unleashed when the poor gain full legal rights over their land. But it can be a thornier issue in Africa, where much land is still held under customary law, with people either holding it through their clan or tribe, or being considered as owners of where they live, without formal documents. Many countries are now adapting their laws to switch to a system of formal titles, but the process is very uneven and some question whether western-style property titles are appropriate in an African context.

While there are many schemes to alleviate or eliminate poverty through micro-credit, grants or aid, some believe the secret is in creating a sound framework of property rights, giving poor people important collateral to raise money against the value of the land on which they live. The Peruvian economist, Hernando de Soto, has calculated that the total value of informal urban dwellings and rural land owned under customary law is around three times greater than Africa's entire gross domestic product and 100 times greater than its foreign direct investment.

But the urgency of this problem can be seen in the numbers of rural poor - many of whom will migrate to the world's fast-growing cities. In China there are 800 million, in India the rural poor number 270 million and 70 percent of Africa's 888 million (2005, UN) are rural poor.

The Rural Development Institute ([www.rdiland.org](http://www.rdiland.org)), an NGO based in Seattle, Washington, USA - and with offices and projects in India, China, Indonesia, Russia, Africa - uses lawyers to advocate and fight for land rights for the rural poor. To date, RDI has helped provide land rights to more than 100 million poor families worldwide. Their approach is called micro-owning whereby the poor are helped to acquire land assets. These are often small plots of land - sometimes 1/10th acre - that can provide the nutritional needs for a family and help them on the road to the virtuous cycle of long-term, sustainable and generational poverty alleviation.

"Micro-ownership transforms the lives of the rural poor," according to Radha Friedman, Associate Director, Development and Communication, just back from visiting RDI's Indian projects. "Outside Bangalore in the state of Karnataka one woman who was landless worked two shifts a day in the hot sun. She was barely able to feed her children. She was making 8 to 10 rupees a day - when a bottle of water costs 10 rupees. We helped her secure a plot of land to grow jasmine flowers which she sells in the market. She now makes between 85 to 200 rupees a day. She can eat three times a day and her kids can afford to go to school. She said she had not thought about how far she had come, but it clearly showed she had such pride in what she had achieved. A number of Indian states have adopted this program, enabling people to purchase micro-gardens and micro-plots of land. It has been such a success that other Indian states are now showing interest."

"All of this didn't happen overnight," said Lincoln Miller, Chief Operations Officer at RDI. "We conducted lots of research and surveyed the rural poor. We analyzed how the laws were affecting them. It took a long time to change government attitudes. We hopefully find a voice in the government who will listen to us. They need to recognize that land rights are one of the best routes out of poverty. In Africa we are primarily working in Burundi, Rwanda and Angola. In addition to working with government to change national policy and laws, we also conduct awareness-raising and education at the grassroots level, especially targeting women. Land rights are a political issue. The majority of the world's poor is rural. By giving them land rights this process can help mitigate migration to the city."

The benefits of owning land include improved family status, pride and hope, reduced hunger and improved family nutrition from crops produced on land, increased income from sale of excess production, improved rural health, including reduction in infant mortality and reduction in death from disease or infection due to malnutrition, labor-intensive and productivity-enhancing, investments in land motivated by secure land rights, increased family savings as a result of ability to invest in land improvements, ability of poor to benefit from any market increases in land values, enhanced capacity to conduct micro-enterprise activities, empowerment of women, and decreased pressure to migrate to already crowded urban areas.

However in South Africa, land rights have been further complicated by the legacy of apartheid. In 1994, 80 percent of farmland was in white hands. The ruling African National Congress (ANC) want to see 30 percent of that transferred to black ownership by 2015. Blacks are also able to claim ownership for land as long as they live on it.

The strong reaction against past experiments in collectivizing land can be understood in the experience of Zambia. Under President Kenneth Kaunda, everything was nationalized, from copper mines to corner shops. Average annual incomes almost halved in 40 years despite the country receiving more aid per head of population than virtually any other in the world.

Any organizations or individuals seeking land rights need only to contact the RDI by email to get the legal ball rolling.

The Centre on Housing Rights and Evictions tracks forcible evictions from land. In its latest global survey of forced evictions from 2003-2006 reveals that nearly 2 million people in Africa and over 2.1 million people in

Asia and the Pacific have been forcibly evicted from their homes since 2003. <http://www.cohre.org/>

Based in Cape Town, South Africa, the Shack/Slum Dwellers International targets the plight of people living in semi-urban and urban areas: <http://www.sdinet.org/>

The Cities Alliance: Cities without Slums links together a global coalition of cities and their development partners committed to scaling up successful approaches to poverty reduction: <http://www.citiesalliance.org/index.html>

Rural Development Institute: Email: [info@rdiland.org](mailto:info@rdiland.org) Website: [www.rdiland.org](http://www.rdiland.org)



## Dynamic Growth in African ICT is Unlocking Secrets of SME Treasure Trove

A newly released survey of 14 African countries in 2006 has documented the impact of Information and Communication Technology (ICT) on private sector development and how it is contributing to developing a vibrant Small Medium Enterprise (SME) sector in Africa. It discovered how dynamic the SME sector is, how it has rapidly adopted mobile phone technology (96 percent have it), and how if used properly in concert with this new technology, extraordinary economic growth is possible.

The survey - Towards An African e-Index: SME e-Access and Usage in 14 African Countries - covered only businesses employing fewer than 50 people and took in the vast informal sector in the countries. It investigated if they had access to ICTs, how they are using them and if it was making them more productive. SMEs were especially interesting because they do not waste money (most people are just trying to survive) and they only use what is really useful to them to increase income. In the informal sector this has become the mobile phone.

The countries surveyed included Botswana, Cameroon, Ethiopia, Ghana, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia and Zimbabwe. With most of the continent's poor working in the SME sector, little was actually known about the impact of ICT and its link to profitability and labour productivity. And surveying only formal businesses would be telling half the story since about two-thirds of non-resource driven GDP generation is derived from SMEs, and a large share of that from informal ones.

"This is a sector that has no access to formal finance," said Dr. Christopher Stork, a senior researcher at the Witwatersrand University in South Africa. "The mobile phones present an opportunity to tap into this market and offer finance, banking services, cash transfers - we see this already in Kenya - without the risks of other services. These informal businesses can build up a history, learn how to better control their businesses, and receive loans. Where the financial system is dysfunctional or overpriced, airtime credits can be the new cash form."

Africa has a high proportion of entrepreneurs because people have next to no social supports to fall back on and need to do business to survive. Most fall into the informal sector where they can avoid paying tax, pay low wages, and keep overheads down. According to Stork, if governments are serious about dealing with poverty, then the best approach is to acknowledge this sector, and rather than crush it, draw it in to become more sophisticated and efficient. He sees the mobile phones as key to this strategy.

"Innovative technology can help these entrepreneurs to acquire the tools they need to do business better. There is a lack of skills in all areas, a lack of accounting skills, a lack of basic financial management. This is where ICT can overcome this. SMEs can get a monthly statement with all their business transactions, making it easier to manage things. This would be a great way to distribute micro-finance. Savings clubs could store cash on the phones."

The e-Index also noted the trend for mobile phone providers to consolidate and offer common regional services. This could fuel an explosion in cross-border trade as it becomes cheaper and easier to communicate via mobile phone for business. The e-Index also found the ever-growing importance of internet cafes remains. They continue to evolve into multi-purpose business centres offering a wide range of services, from post to word processing. At present they still remain the main means of accessing the internet. And with broadband still minimal and very expensive, it falls on mobile phones to offer internet access, though this will remain mainly in the continent's capitals.

The survey's sponsor, Research ICT Africa! (RIA!) network, seeks to build an African knowledge base in support of ICT policy and regulatory design. The network emerged out of a growing need for hard data and analysis to help the continent join the information age. Throughout 2007 it is conducting household surveys on e-access and e-usage and will present the findings in 2008.

You can download for free the entire report Towards An African e-Index: SME e-Access and Usage in 14 African Countries here: [Click](#)

## African Tourism Leads the World and Brings New Opportunities

Tourism around the world is growing rapidly again after the setbacks caused by the September 11, 2001 terrorist attacks. Tourism is also finally acknowledging Africa - home to 888 million people (2005, UN) - and where 46 percent of sub-Saharan Africa's people live on less than US\$1 a day. Led by Kenya and South Africa, the continent has come out on top in world tourism growth according to the United Nations World Tourism Organisation (UNWTO) (<http://www.unwto.org/>). While global tourism is forecast to grow by four percent in 2007, Africa as a whole enjoyed growth of 10.6 percent in 2006.

Tourism, because it is a labour intensive industry, is seen as a great way to both reduce poverty and meet all the Millennium Development Goals. It favours small scale businesses, it is decentralized and can diversify regional economies, it is relatively non-polluting and can contribute to the conservation and promotion of natural and cultural heritage, and most importantly it can act as a catalyst for kick-starting other sectors of the economy.

Tourism is now generally recognized to be one of the largest industries-if not the largest-in the world. It has grown rapidly and almost continuously over the past 20 years, and is now one of the world's most significant sources of employment and of Gross Domestic Product (GDP). Tourism particularly benefits the economies of developing countries, where most of the sector's new tourism jobs and businesses are being created. This rapid growth has encouraged many developing nations to view tourism as key to promoting economic growth, and global development assistance agencies see it as having real potential to help achieve many of their own development goals.

Tourism provides opportunities for diversifying local economies and promoting formation of micro and small enterprises, many of them women-owned. These enterprises promote better lives for poor entrepreneurs, especially in rural areas where there may be few other livelihood options. Tourism is generally labor-intensive and it tends to employ relatively higher proportions of women and young people than most other sectors. Tourism introduces technology and basic infrastructure, and strengthens linkages with the outside world. Well-planned and -implemented tourism projects can improve local governance, natural resources management, biodiversity conservation and other important development goals.

Within Africa, sub-Saharan Africa led the way with 12.6 percent growth. The countries benefiting the most included Kenya, South Africa, Mozambique, Swaziland and the Seychelles. Kenya received almost a million tourists in 2006, and earned US \$857 million in revenue.

Kenya's success rests on the fact it set aside 10 percent of the country for wildlife and biodiversity conservation. The majority of its tourists come to see the 'big five' - elephant, rhino, lion, buffalo, and leopard. Tourism currently employs 11 percent of the country's workforce.

In October 2004 the World Tourism Organization released the Washington Declaration on Tourism as a Sustainable Development Strategy ([www.worldtourism.org](http://www.worldtourism.org)). Governments, international aid agencies, and the world's leading universities agreed to make sustainable tourism development a top priority in their strategies to reduce poverty and meet other MDGs.

Aid agencies like USAID ( [http://www.usaid.gov/locations/sub-saharan\\_africa/](http://www.usaid.gov/locations/sub-saharan_africa/)) have targeted women for micro-funding for tourism projects. They have been able to help women start businesses making crafts in Tanzania and Botswana. The UK's DfID helped Toni Shina from the Cape Town-based The Backpack (<http://www.backpackers.co.za/>) to become a fair trade business. "Fair Trade Tourism South Africa recognises our commitment to uplifting our staff and community, and our utilisation of local service providers," she said. "As a business we also have a strong and positive attitude to working with and supporting staff who are affected by HIV and Aids and we abide strongly with required labour and legal standards."

And the fair trade concept is getting greater recognition. In a recent survey of the local tourism industry in South Africa, half recognised the Fair Trade in Tourism South Africa brand.

On the other hand, the scale of missed opportunities is illuminated in Rwanda. A consultant on a tourism management plan for the Volcano National Park, Edwin Sabuhoro, is urging communities living nearby to embrace eco-tourism and cash in on the tourists visiting nearby gorillas.

"According to our research," he told Kigali's The New Times. "some tourists say they carry their money back to their countries because they can't find what to spend on." And he pointed out the fate of the gorillas were directly linked to the poverty of the community: poachers would not be stopped if the community remained poor and had no other source of income.

How popular Africa has become is exemplified by Ethiopia's rise into the top ten travel destinations for 2007 according to travel guide specialist Frommer's ([www.frommers.com](http://www.frommers.com)). According to the guide, "Ethiopia has finally emerged out of the shadows caused by years of political strife, economic hardship and famine. The improved infrastructure has made travelling in Ethiopia increasingly popular, especially among independent-minded travellers and those seeking adventure."

Another country, Tanzania, is targeting tourism as a key growth area. The country is trumpeting its peaceful and stable status and low-crime to attract tourists.

#### LINKS:

- Namibia Community Based Tourism Association: <http://www.nacobta.com.na/>
  - Official South African Tourism website: [www.southafrica.net](http://www.southafrica.net)
  - African Travel and Tourism Association: [www.atta.co.uk](http://www.atta.co.uk)
- Comprehensive website for searching all things on African tourism: [www.africanet.com](http://www.africanet.com)
- World Tourism Organization: There is an excellent Infoshop packed with resources on sustainable tourism and how it can meet the Millennium Development Goals. <http://www.unwto.org/>
  - More books on sustainable tourism in Africa:  
<http://www.unwto.org/regional/africa/publications/publications.htm>
  - Fair Trade in Tourism South Africa: [www.fairtourismza.org.za](http://www.fairtourismza.org.za)

### ■ The Official Ubuntu Book

by Benjamin Mako Hill, Jono Bacon, Corey Burger, Jonathan Jesse and Ivan Krstic.

Ubuntu is a complete, free operating system that emphasizes community, support, and ease of use while refusing to compromise on speed, power, and flexibility. It's Linux for human beings-designed for everyone from computer novices to experts.

### ■ New News Out of Africa

by Charlene Hunter-Gault, Oxford University Press

In New News Out of Africa, this eminent reporter offers a fresh and surprisingly optimistic assessment of modern Africa, revealing that there is more to the continent than the bad news of disease, disaster, and despair.

**Website:** [www.oup.com/us](http://www.oup.com/us)

### ■ African Development: Making Sense of the Issues and Actors

by Todd J. Moss, Lynne Rienner Publishers (February 2007)

**Website:** [www.amazon.com](http://www.amazon.com)

### ■ East Asian Visions: Perspectives on Economic Development

edited by Indermit Gill, Yukon Huang, and Homi Kharas

This volume brings together the views of noted East Asian policymakers and academics on development prospects in the region. The topics include governance, inequality, corruption, provision of public goods, China's 'peaceful rise', rural-urban disparities, domestic trade networks, industrial and financial sector networks, and the consequences of regional financial integration.

**Website:** [www.worldbank.org/publications](http://www.worldbank.org/publications)

### ■ New Industries From New Places: The Emergence of the Hardware and Software Industries in China and India

by Neil Gregory, Stanley Nollen and Stoyen Tenev

Could China and India dominate the world's technology industry by bringing together Chinese hardware and Indian software production?

**Website:** [www.worldbank.org/publications](http://www.worldbank.org/publications)

## Job Opportunities

#### ■ [Africa Recruit Job Compendium](#)

##### ■ [Africa Union](#)

##### ■ [CARE](#)

##### ■ [Christian Children's Fund](#)

##### ■ [ECOWAS](#)

##### ■ [International Crisis Group](#)

##### ■ [International Medical Corps](#)

##### ■ [International Rescue Committee](#)

##### ■ [Internews](#)

##### ■ [IREX](#)

##### ■ [Organization for International Migration](#)

##### ■ [Oxfam](#)

#### ■ [Relief Web Job Compendium \(UN OCHA\) \(1\)](#)

#### ■ [Relief Web Job Compendium \(UN OCHA\) \(2\)](#)

##### ■ [Save the Children](#)

##### ■ [The Development Executive Group job compendium](#)

##### ■ [Trust Africa](#)

##### ■ [UN Jobs](#)

##### ■ [UNDP](#)

##### ■ [UNESCO](#)

##### ■ [UNICEF](#)

##### ■ [World Bank](#)

##### ■ [World Wildlife Fund \(Cameroon\)](#)



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